GOVERNOR MCDONNELL'S COMMISSION ON

GOVERNMENT REFORM

&

RESTRUCTURING

Commission Meeting
August 31, 2011

Agenda

- **Opening Remarks** — Fred Malek, Chairman

- **Update on Recommendations** — Jeff Palmore, Executive Director

- **Work Group Reports**
  - **Health & Human Resources** — The Honorable Jack Rust
  - **Natural Resources** — Geoff Segal
  - **Administration/HR** — Sandy Liddy Bourne
  - **Finance** — The Honorable Ron Tillett
  - **Commerce & Trade** — The Honorable Glenn Oder
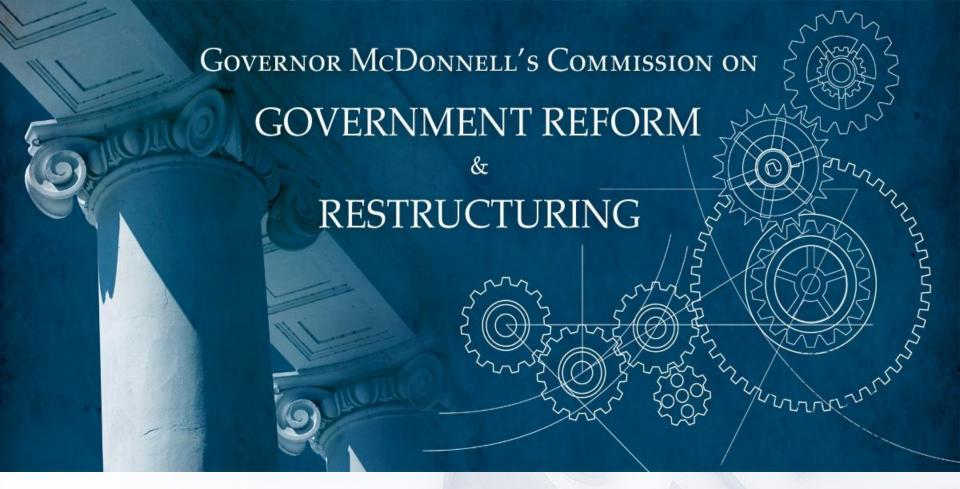
- **Commission Discussion**

- **Public Comment**

- **Closing Remarks** — Fred Malek, Chairman

GOVERNOR MCDONNELL'S COMMISSION ON
GOVERNMENT REFORM
&
RESTRUCTURING

Opening Remarks
Fred Malek, Chairman

Update on Implementation of Commission's Recommendations
Jeff Palmore, Executive Director

Government Reform Achievements

- Establishment of a single, centralized office of the Inspector General
  - DPB is conducting an implementation report
- Development of Business One Stop portal for business licensing and service to citizens
  - Phase 1 complete
  - Further implementation underway
  - Working with local governments on integration
- Consolidation and elimination of certain boards and commissions
- Adoption of operational efficiencies
  - Leave Simplification and Automation

Legislative Successes

- Consolidated tax collection functions
- Eliminated requirement to advertise RFPs in newspapers
- Increased contract approval threshold for locally administered transportation projects to $5 million
- Reduced use of certified mail
- Eliminated redundant VDOT reports
- Streamlined process for sale of right-of-way land
- Created business fleet license plate program

Legislative Successes

- Set a maximum collectible amount of $20,000 for a loss associated with purchasing a motor vehicle
- Changed title from VDOT Commissioner to Commissioner of the Highways
- Eliminated language for storage centers and garages from abandoned vehicle statutes
- Required the Statewide Transportation Plan be updated every four years
- Allowed VDACS Commissioner to appoint Consumer Services Division designee to the Motor Vehicle Dealer Board

Boards and Commissions Eliminated

- 49 Total Boards and Commissions Eliminated, Including:
    - Rail Advisory Board
    - Medal of Valor Review Board
    - Design Build Construction Management Review Board
    - Plant Pollination Advisory Board
    - Tourist Train Development Authority
    - Maritime Incident Response Advisory Council
    - Migrant and Seasonal Farmworkers Board
    - State Interoperability Executive Committee
    - Virginia Recycling Markets Development Council

Operational Efficiency Improvements

- Enterprise Systems
  - Energy Management
  - Water Management
  - Solid Waste Management
  - Phone and Data Usage
  - Document Management

Operational Efficiency Improvements
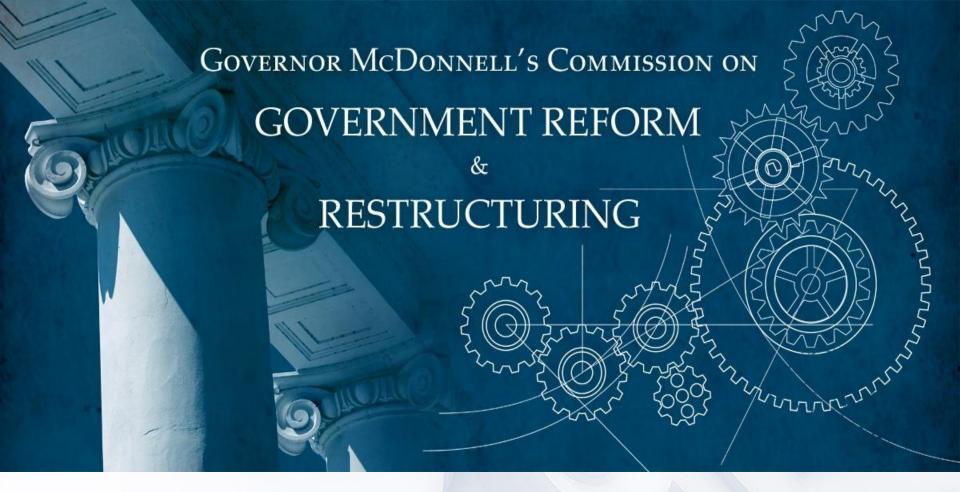
- Human Resources
  - Study application and expansion of four-day work week program
  - Expanded use of telework and flexible scheduling
  - Streamlined and simplified policies and records for Time, Attendance, and Leave
  - Development of Employee One Stop to eliminate duplicate filings for disability and certain other benefits

- Travel
  - Review of travel spending by each agency
  - Analysis of merits of a statewide travel contract
  - Cost reduction through economies of scale
  - Increased use of teleconference

Ongoing Administration Projects

- Establishing an inventory of real property

- Streamlining organizational structure and optimizing employee capacity

- Encouraging employee professional development and leadership training

- Additional Operational Efficiencies

- Establishing Governor's Local Mandate Task Force

GOVERNOR McDONNELL's COMMISSION ON
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RESTRUCTURING

Health and Human Resources Workgroup

Government Reform
Health and Human Resources Sub-Group

Secretary of Health and Human Resources

Dr. Bill Hazel

August 31, 2011

Overview

- Strategic Planning/Initiatives

- Information Technology
  - Commonwealth of Virginia (COV) Enterprise
  - Citizen Centric Portal

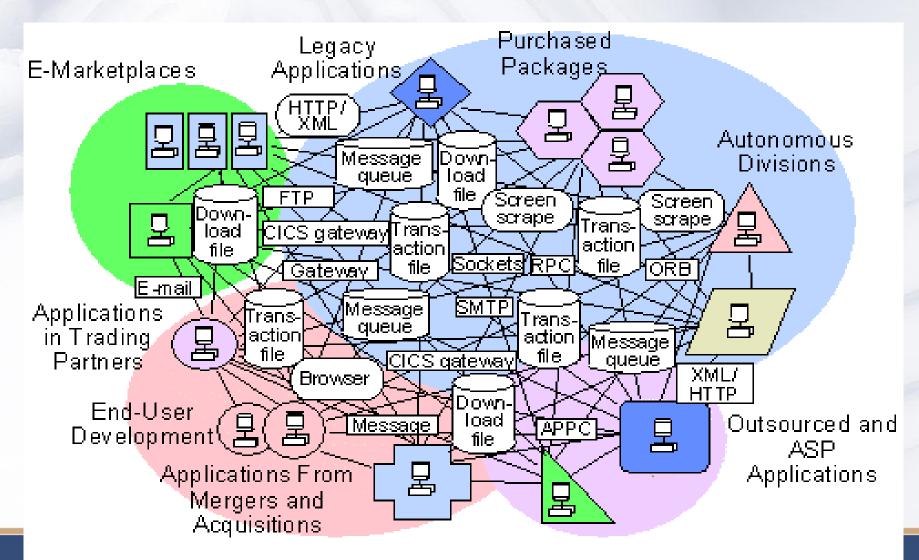- Agency Consolidation

- Children's Services

HHR- Matrix

Agency		DRS	DBVI	VDDHH	DBHDS	VBPD	CSA	DMAS	DSS	VFHY	VDA	VDH	DHP	NWF
Administrative Functions														
Human Resources		X	X	X	X	X		X	X	X	X	X	X	X
Finance		X	X	X	X	X	X	X	X	X	X	X	X	
Information Technology		X	X	X	X	X	X	X	X		X	X	X	X
Policy		X	X	X	X	X	X	X	X	X	X	X	X	X
Procurement		X	X	X	X	X	X	X	X	X	X	X	X	
Grant Writing/Administration					X	X	X	X	X	X	X	X	X	
Strategic Objective	**Strategic Initiative**													
-Coordination -Workforce Dev. -Access to Information	Health Reform				X			X	X		X	X	X	
-Quality of Care	Strengthening Families/Children's Transformation				X		X	X	X					
-Coordination -Access to Information	Global Human Services System	X	X	X	X			X	X		X	X		
-Coordination -Organizational Effectiveness -Access to Information	Eligibility							X	X			X		
-Coordination -Workforce Development	Prisoner Reentry	X			X				X					
-Coordination -Organizational Effectiveness	Housing/Homelessness	X			X	X			X		X			
-Coordination -Organizational Effectiveness -Workforce Dev	Blueprint for Livable Communities	X	X	X	X	X					X			X
-Quality of Care -Coordination	Veterans	X	X	X	X	X					X			X
-Quality of Care	Lyme Disease											X		
-Employment -Workforce Development	Job Creation	X	X	X	X						X	X	X	
Quality of Care	Obesity/Nutrition									X	X	X		

HHR- Vision

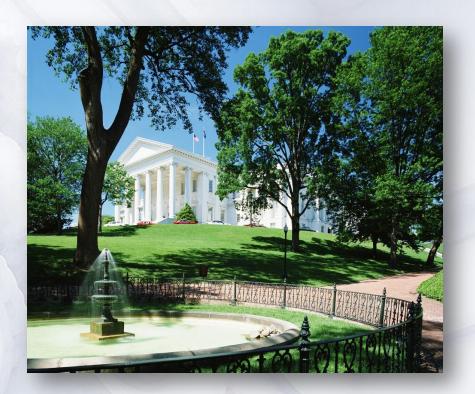| Strategic Initiative	Health Reform	Strengthening Families/Children's Transformation	Global Human Services System	Eligibility	Prisoner Reentry	Homelessness /Housing	Blueprint for Livable Communities	Veterans	Lyme Disease	Job Creation	Obesity/ Nutrition
Administrative Functions											
Human Resources	X	X	X	X						X	
Finance	X	X	X	X			X	X			
Information Technology	X	X	X	X				X			
Policy	X	X	X	X	X	X	X	X	X		X
Procurement	X	X	X	X			X				
Grant Writing/ Administration	X						X	X			X
Agencies											
DRS			X		X	X	X	X		X	
DBVI			X				X	X		X	
VDDHH			X				X	X		X	
DBHDS	X	X	X		X	X	X	X		X	
VBPD						X	X	X		X	
CSA		X									
DMAS	X	X	X	X			X				
DSS	X	X	X	X	X	X				X	
OIG											
VFHY											X
VDA	X		X			X	X	X		X	X
VDH	X		X	X					X	X	X
DHP	X									X	
NWF	X		X			X	X	X		X	

Information Technology
Current Environment

Virginia's HHR Modernization

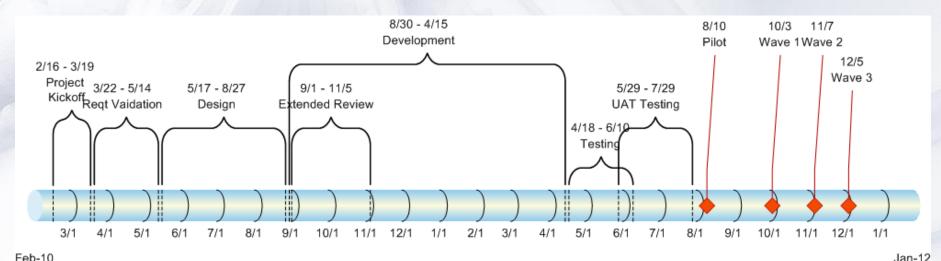What we have accomplished, what is in the works, and future plans

Focus Areas:
- Better Customer Service
- Tools for improving worker productivity
- Program integrity – fraud and abuse
- Program accuracy, and uniformity
- Managing increase in case volume

Project 1 - Virginia Case Management for Child care is LIVE!!!!

- VaCMS has gone live for VDSS Central office users for child care on August 8th, 2011 . Over 100 workers in six pilot offices will begin to use VaCMS to serve approximately 5,000 clients in need of child care

- **Key Benefits –**
  - Workload efficiency for local VDSS workers and free up case worker time for better customer service
  - Improving provider payment accuracy, and controlling fraud and abuse
  - Uniformity in business processes resulting in consistent application of child care policy
  - Access to program performance information for informed decision making
- VaCMS also provides a enterprise platform for eligibility determination and case management for HHR programs

Project 2 - HHR Citizen Centric Portal – On Schedule for March 2012 Go Live!

Child Care | **LIHEAP** | **SNAP** | **TANF** | **Medical/ SCHIP**

Self Service Portal

ACCESS

- Screening
- Apply Online
- Check for Benefits
- Renew My Benefits
- Report My Changes

CCMS*
• Child Care

ADAPT
• TANF, SNAP
• Medicaid

Energy Assistance
• Energy Assistance

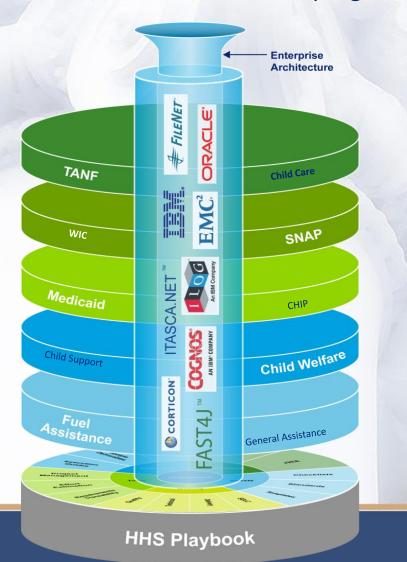---

Virginia Citizen Centric Portal - Functionality

- Screening, Apply for Benefits, Renew my Benefits, Report my changes, Check my Benefits & My Work Space for TANF, SNAP & MA
- Screening, Apply for Benefits , Check my Benefits are the only features applicable for EA

Achievements to Date

- ✓ Requirements validation is complete
- ✓ Design has been approved
- ✓ Development in Progress
- ✓ Scheduled to go live in March 2012, with entire feature available in June 2012

modernize HHR programs
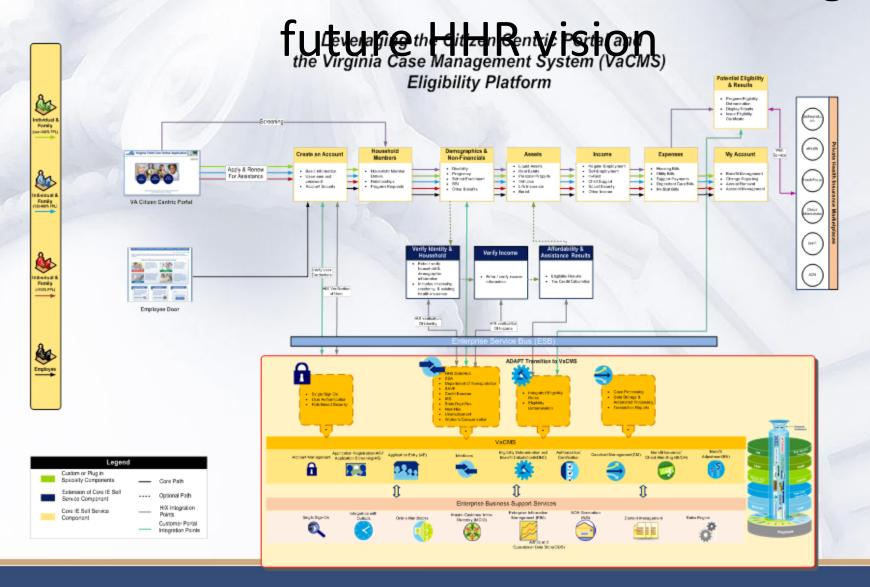
Multiple applications based around a common HHR 'backbone' to deliver operational, administrative and programmatic improvements
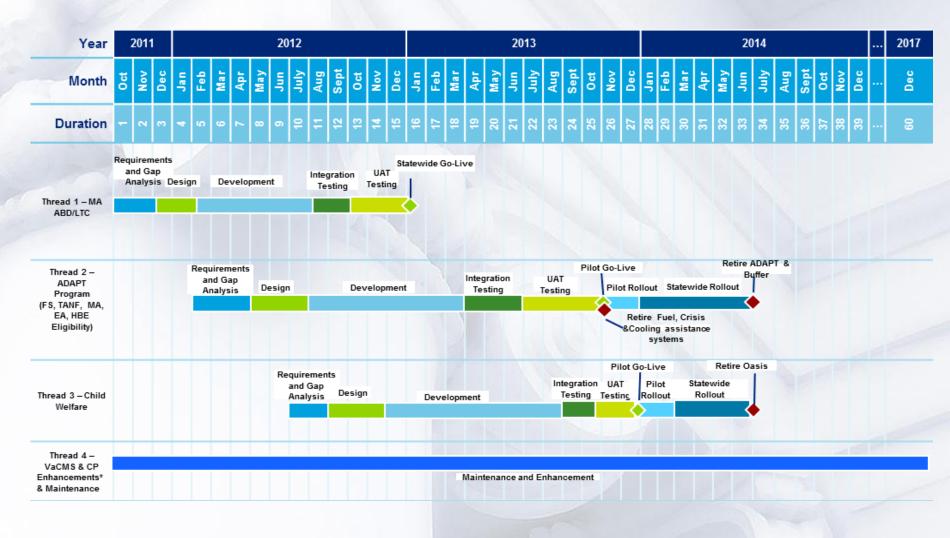
- – Program flexibility and modularity
- – End user configuration and multiple service delivery models supported
- – Proven technology stack using latest SOA methods
- – State-level application and database architecture methods
- Use of data matching to improve program integrity
- Best of breed pre-assembled solution and COTS components
- Used by 10+ states as the enterprise foundation

VaCMS, a foundation for delivering future HHR vision

Plan to Realize HHR Vision – By January 2014

Year	2011			2012													2013												2014												...	2017
Month	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	...	Dec
Duration	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	...	60

Thread 1 – MA ABD/LTC: Requirements and Gap Analysis, Design, Development, Integration Testing, UAT Testing, Statewide Go-Live

Thread 2 – ADAPT Program (FS, TANF, MA, EA, HBE Eligibility): Requirements and Gap Analysis, Design, Development, Integration Testing, UAT Testing, Pilot Go-Live, Pilot Rollout, Statewide Rollout, Retire ADAPT & Buffer, Retire Fuel, Crisis &Cooling assistance systems

Thread 3 – Child Welfare: Requirements and Gap Analysis, Design, Development, Integration Testing, UAT Testing, Pilot Go-Live, Pilot Rollout, Statewide Rollout, Retire Oasis

Thread 4 – VaCMS & CP Enhancements* & Maintenance: Maintenance and Enhancement

* Integration of Services
1. Death Registry
2. Immunization Registry
3. Master Person Index (MPI)
4. Commonwealth Authentication Services (CAS)
5. Master Data Management (MDM)
6. IV-E Eligibility

Agency Consolidation

- The Department of Rehabilitative Services, the Department for the Aging, and the Adult Services Unit at the Department of Social Services currently serve different but overlapping populations and have many factors in common:

    - they serve people who are aging and have disabilities or chronic conditions;

    - they administer similar programs such as personal care, personal assistance, home-and-community-based services, care coordination, case management, safety and protection, information and referral, and employment services;

    - and they work through local governmental or non-profit service delivery organizations.

- The current organizational structure creates barriers to unified planning, budgeting, policy development, service coordination and performance management for aging and disability services and supports. It also leads to potential redundancies and confusion at the service delivery level.

Children's Services

- Managing by Data
  - OSHHR is working with SAS Institute to develop a local financial management interface. This linkage will help the state monitor for fraud, abuse and waste while at the same time allow a link to performance management with cost benefit analysis.

- Centralized Billing
  - Per the Governor's budget language, the Office of Comprehensive Services is conducting a feasibility study to determine if the financial management of the Comprehensive Services Act should be moved from the current fiscal agent (Department of Education) to the Department of Medical Assistance Services (DMAS).
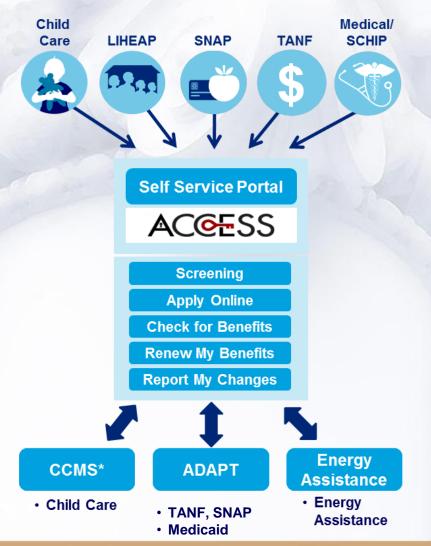
Children's Services

- Performance Based Contracting/Regional Contracting
  - Goal of implementing new contracts in 12-18 months. (Child Protective Services, child advocacy centers, Healthy Families and adoption assistance providers)
  - Resulting from budget language, HHR is leading a workgroup to develop a mechanism for localities to enter into regional contracts for providers of child welfare services. Concurrently, the Office of Comprehensive Services is improving and updating their model contract to make it easier for localities to purchase services for at-risk youth at a better value with better outcomes.

- Care Coordination
  - Per the Governor's budget language, the City of Richmond is participating in a pilot project to enroll all foster children under their custody in Medicaid for their medical and behavioral health care.
  - The concept of applying care coordination to the Comprehensive Services Act will be explored in a Policy Development Work Group on CSA Reform

HHR Citizen Centric Portal
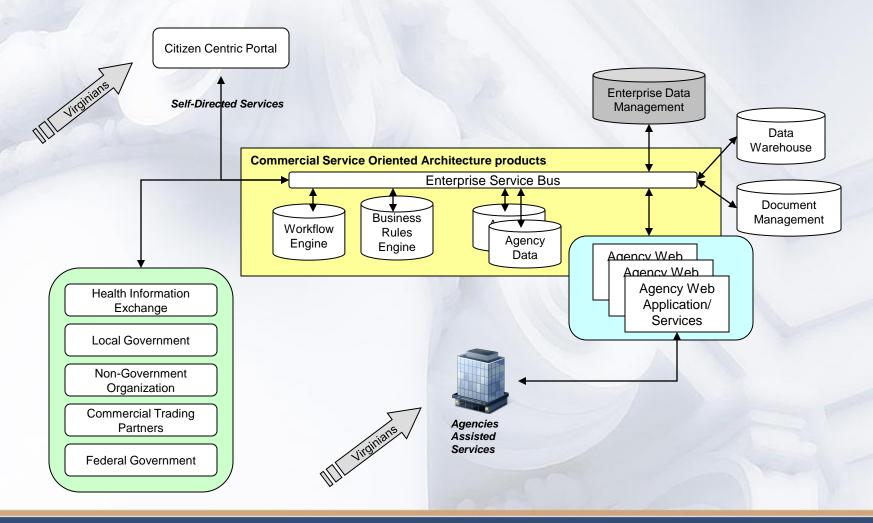## On Schedule for March 2012

Virginia Citizen Centric Portal - Functionality

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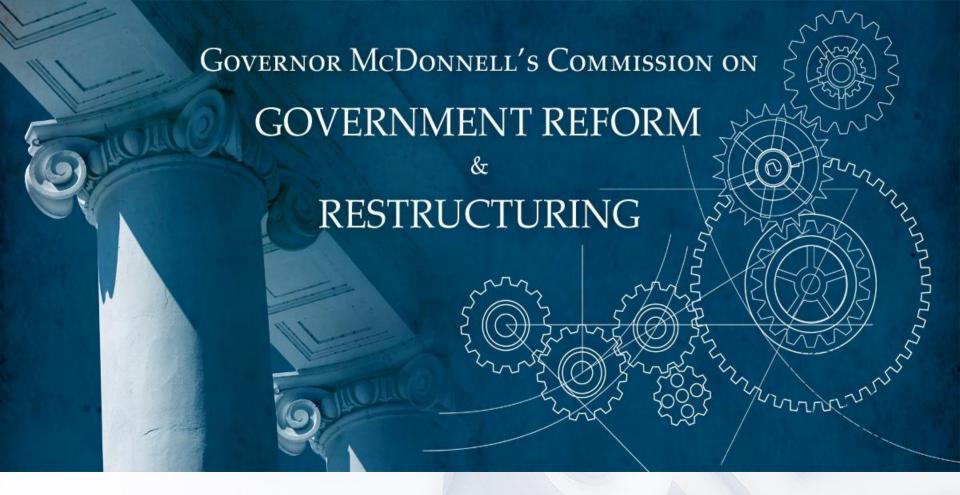
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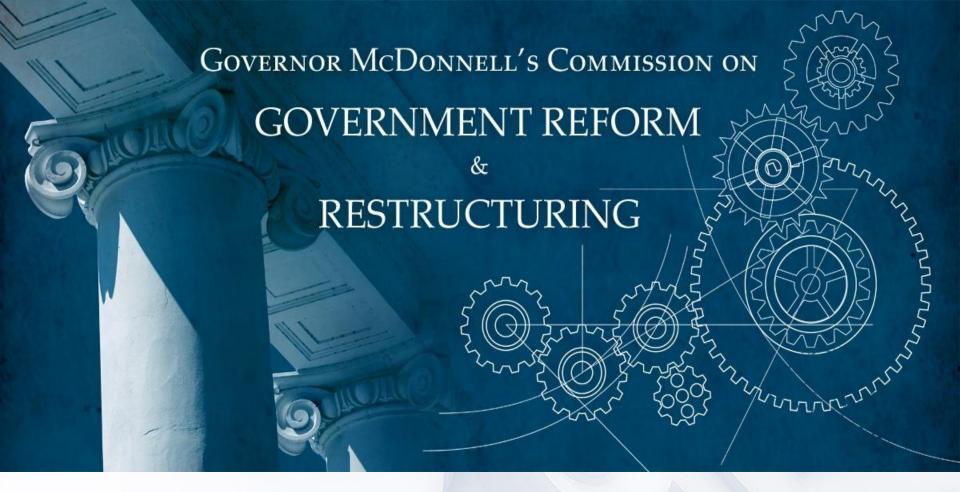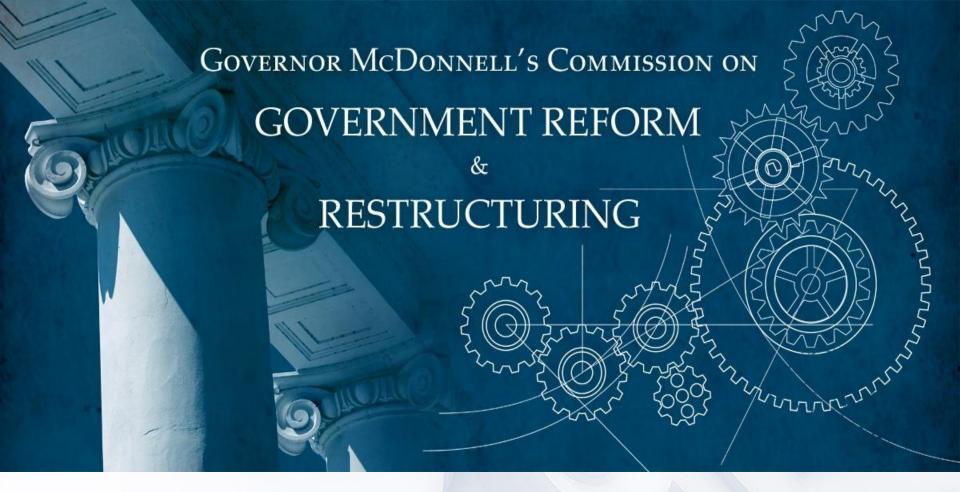
Information Technology
Future-COV Enterprise

Citizen Centric Portal

Virginians

Self-Directed Services

Commercial Service Oriented Architecture products

Enterprise Service Bus

Workflow Engine

Business Rules Engine

Agency Data

Enterprise Data Management

Data Warehouse

Document Management

Agency Web
Agency Web
Agency Web Application/ Services

Health Information Exchange

Local Government

Non-Government Organization

Commercial Trading Partners

Federal Government

Virginians

Agencies Assisted Services

28

Questions

Health and Human Resources Workgroup

GOVERNOR McDONNELL's COMMISSION ON GOVERNMENT REFORM & RESTRUCTURING

Natural Resources Workgroup

GOVERNOR McDONNELL'S COMMISSION ON

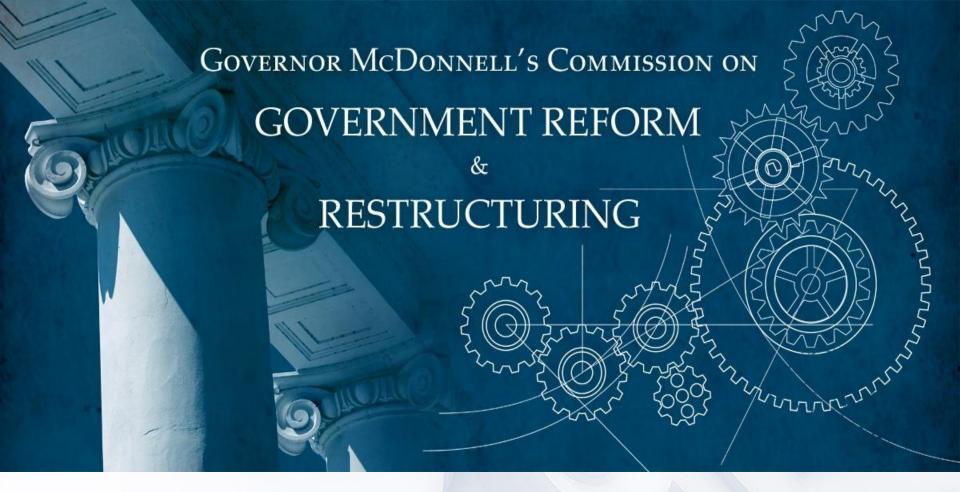# GOVERNMENT REFORM
&
RESTRUCTURING

Administration/HR Workgroup

TYPE	AMOUNT		TENURE		HOW PROVIDED										CARRIED OVER		YEAR			AUTHORITY		
					Credited		Accrued		Earned		Awarded		As Needed				Leave Year	Fiscal Year	Rolling Year	Federal Law	State Law	DHRM Policy
	VSDP	NON-VSDP	VSDP	NON-VSDP	VSDP	NON-VSDP	VSDP	NON-VSDP	VSDP	NON-VSDP	VSDP	NON-VSDP	VSDP	NON-VSDP	VSDP	NON-VSDP						
Holidays	12 days plus others				●	●											●			●	●	
Annual Leave	up to 96 to 216 hours		●	●			●	●							●	●	●					●
Family/Personal Leave	4 to 5 days	0	●		●												●				●	
Sick Leave	8 to 10 days	up to 120 hrs	●		●			●								●	●				●	●
Community Service Leave	up to 2 days				●	●											●					●
Civil & Work-Related Leave	varies												●	●			●					●
FMLA Leave	up to 12 to 26 weeks												●	●			●			●		
Short-Term Disability Leave	up to 6 mos	0	●										●						●		●	
Long-Term Disability	up to age 65	0											●						●		●	
Workers' Compensation Leave	varies												●	●					●		●	
Educational Leave	varies												●	●					●			●
Military Leave	varies												●	●					●	●	●	●
Emergency/Disaster Leave	up to 2 weeks												●	●					●			●
Public Health Emergency Leave	up to 2 weeks												●	●					●			●
Bone Marrow/Organ Donation	up to 30 days												●						●		●	
Compensatory Leave	varies								●	●					●	●			●	●		●
Overtime Leave	varies up to 240 hour cap								●	●					●	●			●	●		●
Bonus Leave	up to 1 week										●	●			●	●		●				●
Recognition Leave	up to 1 week										●	●			●	●		●				●
Sign-on Leave	up to 30 days										●	●			●	●		●				●
Leave Sharing	up to 12 to 26 weeks												●	●			●					●

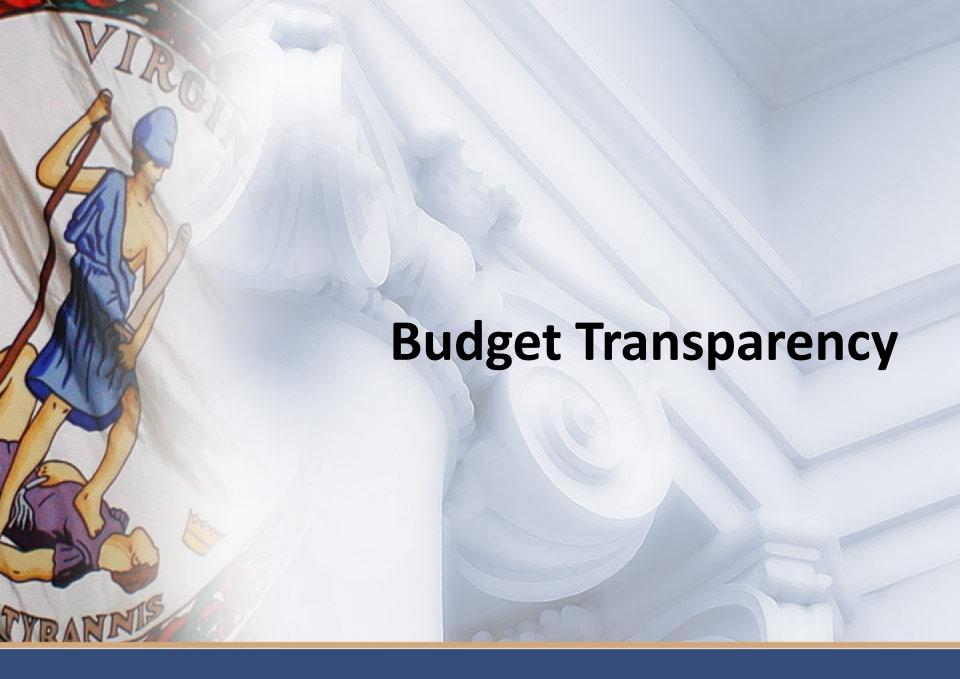# GOVERNOR McDONNELL'S COMMISSION ON
GOVERNMENT REFORM
&
RESTRUCTURING

Finance Workgroup

Committee Members

- The Honorable Ron Tillett, Chairman

- The Honorable William J. Howell

- Mr. Howard Estes

- Secretary of Finance Ric Brown

Staff

- Governor's Policy Office

- Office of the Secretary of Finance

- Department of Tax

- Department of Planning and Budget

Budget Transparency

Budget Transparency

Short-Term Goals

- SWOT analysis of Virginia's current efforts;

- Criteria for establishing transparency and functionality for long-term enterprise wide planning of systems integration;

- Creation of a short-term web page that provides links from the Commonwealth's current efforts to one central, landing page.

Long-Term Goals

- Development of a new, Commonwealth-wide website featuring a user-friendly interface, integrated access to budget and spending information and a searchable function.

Governor
Bob McDonnell
A COMMONWEALTH OF OPPORTUNITY

Search

News
Blog
Media Library
About the Governor
Governor's Policy Office
Governor's Cabinet
Our Commonwealth
Community Relations
Proclamations
Flag Status
Governor's Fellows Program
Internship Application
Virginia.gov
General Assembly

OPEN Virginia

Governor McDonnell believes in transparency of government. OPEN Virginia is Governor McDonnell's effort to provide taxpayers with information about their government and where tax dollars go – transparency in government is also about accountability and progress in attaining goals.

Please continue to monitor OPEN Virginia as we continue to integrate systems and improve Virginia's transparency in operations.

Governor McDonnell's Budget	FY2012 Budget As Approved by the General Assembly	Virginia's Budget Process
Commonwealth DataPoint	Virginia Performs	Taxpayer Reciept

Investment Consolidation

Investment Consolidation

- The Commonwealth has billions of dollars invested at any given time. Our group wants to make sure that:

  – Funds are invested in the most prudent manner possible, balancing risk and return based on the type of fund, the purpose, and the financial horizon.

  – Efficiencies in spending on investment advice and financial services are recognized.

  – Oversight of funds is not unnecessarily duplicative.

Tax Collection

Update on 2010 Governor's Reform Commission Recommendations and Potential Areas for Work in 2011

Status of 2010 Recommendations: Summary Matrix

	2010 Recommendations	Actions
Alcoholic Beverage Taxes	Transfer collection from ABC to the Department of Taxation	On hold
Postpaid Wireless E-911 Surcharge	Transfer collection from VITA to the Department of Taxation	Transferred to the Department effective July 1, 2011 (SB 1123)
Vehicle Rental Taxes	Transfer from DMV to the Department of Taxation	Transfer to the Department effective July 1, 2012 (SB 1132 & HB 1798)
Insurance Premium Tax	Transfer the collection of the tax to the Department in three phases: short-term, intermediate-term, and long-term	Transfer the full administration to the Department effective January 1, 2013 (SB 1124)
Treasurer's Pilot Program	Implement a pilot project with local treasurers to collect state tax debts	Pilot with 5 localities begins September-October 2011

2010 Recommendation:
Postpaid Wireless E-911 Surcharge

- The Commission on Government Reform and Restructuring recommended that the Department take over the collection of the postpaid wireless E-911 surcharge.

- As the Department already had a Communications Tax unit, the transfer relieved the Board of the necessity of establishing an audit process and taxpayers from being audited twice for the same information.

- Senate Bill 1123 (2011 *Acts of Assembly,* Chapter 162) transferred the collection of the postpaid wireless E-911 surcharge from the Board to the Department effective July 1, 2011.

- Transfer of the collection of the postpaid wireless E-911 surcharge affected less than 50 wireless service carriers and resellers.

2010 Recommendation:
Motor Vehicle Rental Taxes

- The Commission on Government Reform and Restructuring recommended transferring the administration of the motor vehicle rental taxes to the Department.

- House Bill 1798 and Senate Bill 1132 (2011 *Acts of Assembly,* Chapters 405 and 639) transfer the collection of the motor vehicle rental taxes from DMV to the Department effective July 1, 2012.

- The transfer to the Department of Taxation will automate a process for taxpayers who currently file monthly paper returns with DMV for the three motor vehicle rental taxes.

- The Department and DMV are working together to implement the transfer of the administration and systems development will begin later this year.

2010 Recommendation: Insurance Premiums Taxes

- The Commission on Government Reform and Restructuring recommended that the administration of the insurance premiums tax be transferred from the State Corporation Commission ("SCC") to the Department in three phases.

- The Department and the SCC subsequently determined that it was feasible to transfer administration at one time.

- Senate Bill 1124 (2011 *Acts of Assembly,* Chapter 850) transfers the entire administration of the insurance premiums tax from the SCC to the Department effective January 1, 2013.

- Department and SCC staff are working together to implement the transfer of the administration of the insurance premiums tax.

2010 Recommendation:
Treasurer's Pilot Program

- Department began discussions with a pilot group of Treasurers in August 2010 regarding collection of state tax debts.

- Pilot was originally scheduled to began in January 2011, but the IRS established a number of unanticipated requirements before Treasurers could view federal tax information.

- TAX received approval from the IRS in July 2011 and Pilot will begin in September or October and last for six months.

- Five localities are participating:

  - Arlington County
  - Frederick County
  - Hanover County
  - City of Newport News
  - City of Roanoke

- Accounts that would otherwise have gone to the Department's outside collection agency will be held for assignment to the respective localities.

- Treasurers can use their authority to place third party liens and seize vehicles.

Potential Areas for Reform Commission
Work in 2011

Potential Issues for Review in 2011

	Previous Recommendations (if any)	Possible 2011 Commission Recommendations
Postpaid Wireless E-911 Surcharge	Study transferring the distribution to the Department and moving the Wireless E-911 Services Board functions to the Department.	• Transfer the distribution of the portion of the revenues dedicated to localities for PSAPs to the Department • Distribute all revenues based on a formula and transfer distribution to the Department • Continue to study moving the Board functions to the Department or other state agencies
Unemployment Insurance Tax	Comprehensive study of transferring administration of Unemployment Insurance (UI) tax	• Complete feasibility study regarding the transfer of UI tax to the Department
Local Motor Vehicle Fuel Sales Tax	New	• Study the feasibility of transferring the Motor Vehicle Fuel Sales Tax to DMV

Postpaid Wireless E-911 Surcharge

- The Commission in 2010 recommended that the General Assembly study the feasibility of the Department distributing the postpaid wireless E-911 surcharge revenues and assuming he Wireless E-911 Services Board (Board).

- The Wireless E-911 Fund received approximately $53 million in Fiscal Year 2010.

- Currently, the Board is responsible for allocating the wireless E-911 funds and managing funds appropriated for emergency telecommunication services in local jurisdictions.

  o 60 percent of the revenues are distributed to localities for wireless E-911 costs of their public safety answering points (PSAPs) based on a formula that is recalculated annually.

  o 30 percent of the revenues are distributed to wireless service providers based on their estimated allowable wireless E-911 costs.

  o 10 percent of the revenues are distributed to PSAPs or on behalf of PSAPs through a grant program using criteria established by the Board.

Postpaid Wireless
E-911 Surcharge

- Reviewing the estimated costs of wireless service providers and PSAP grant applications is technical in nature and not a function the Department can provide.

- Legislation would be required to allow the Department to distribute the revenues dedicated to localities for PSAPs without an annual recalculation of the formula.

- All of the revenues, or just the portion dedicated to localities for PSAPs, could also be distributed using the Communications Sales and Use Tax formula or other measure.

- Issues for further analysis by the Commission:

  o Transferring the distribution of revenues dedicated to localities for PSAPs to the Department, provided that no annual recalculation of the formula is required.

  o Distributing the revenues based on a formula and transfer the revenue distribution to the Department.

  o Reviewing the feasibility of moving current Board functions to other state agencies, such as Department of Emergency Management or Department of Criminal Justice Services.
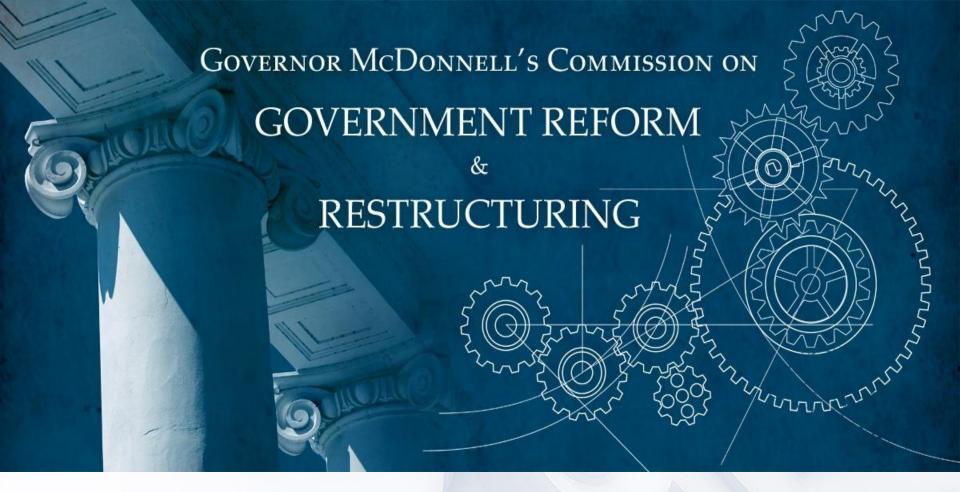
Unemployment Insurance Tax

- In 2010, the Commission on Government Reform and Restructuring recommended that a comprehensive study should be undertaken to determine whether transferring the UI Tax from VEC to the Department is feasible and desirable.

- Revenue from the UI Tax cannot be used to fund any startup costs to implement changes to the Department's system, and to run both systems until the Department's system is verified as functioning properly.

- The close linkage between the administration of the benefits and the tax led to VEC administering both. Additionally, the federal government pays for VEC's administration of both the benefits and tax out of revenue from a similar federal tax.

- VEC has already made substantial investments in its new processing system and any transfer of responsibilities to the Department may interfere with the contract for the system.

- Possible analysis by the Commission could address:

  o Requiring the Department and VEC continue to study options and feasibility of transferring the administration of the UI Tax to the Department.

Motor Vehicle Fuel Sales Tax

- The Department administers the Motor Vehicle Fuel Sales Tax, which is imposed in the Northern Virginia Transportation District and the Rappahannock Transportation District.

- Prior to 2010, the Motor Vehicle Fuel Sales Tax was imposed on the retail sale of motor fuels (like the sales tax) and collected by retailers of motor fuels.

- Beginning January 1, 2010, the Motor Vehicle Fuel Sales Tax was imposed on sales of motor fuels to retailers and the collection of the tax was moved to distributors of motor fuels.

- In Fiscal Year 2010, $36.2 million was collected in the Northern Virginia Transportation Commission and $20.2 million was collected in the Potomac and Rappahannock Transportation Commission.

Motor Vehicle Fuel Sales Tax

- DMV currently administers the Virginia Fuels Tax, which is collected by suppliers of motor fuels (at the rack).

- Many Distributors registered for the Motor Vehicle Fuel Sales Tax have elected to be licensed with DMV and collect the Virginia Fuels Tax.

- DMV requires licensed distributors to file monthly fuel activity information electronically. This information could help reconcile fuel sales and tax collections within the transportation districts.

- DMV has many years of experience in auditing motor fuel suppliers and distributors for this type of tax, and could alleviate the need for multiple audits of the same information and distributors by two different agencies.

- There may be efficiencies in transferring the administration of the Motor Vehicle Fuel Sales Tax to DMV.

- Possible analysis by the Commission could address:

  o Transfer the administration of the Motor Vehicle Fuel Sales Tax to DMV.

  o Transfer the administration of the Motor Vehicle Fuel Sales Tax to DMV in phases, beginning with audit and enforcement functions.

GOVERNOR McDONNELL'S COMMISSION ON

GOVERNMENT REFORM

&

RESTRUCTURING

Commerce and Trade Workgroup

Callahan Act

- The Callahan Act (§ 54.1-113) requires each of the Department's regulatory boards to adjust fees so that revenues are "sufficient but not excessive" to cover operating expenses.

- During the 1980s, fee increases could be approved and become effective with a few months, allowing boards to adjust fees at the close of the biennium to ensure that revenues would be adequate for the next biennium.

- Up until the 1990s, fees were generally raised using the emergency provision for promulgating regulations (§2.2-4011). This option was removed from the Administrative Process Act in the 1990s and thereafter fee changes, up or down, required the full APA public comment process.

- In recent years, the timeframe for review and approval of fee increases in accordance with the APA has been extended, so that it takes at minimum 18-24 months from the point the end-of-biennium analysis is complete to the date the new fees become effective.
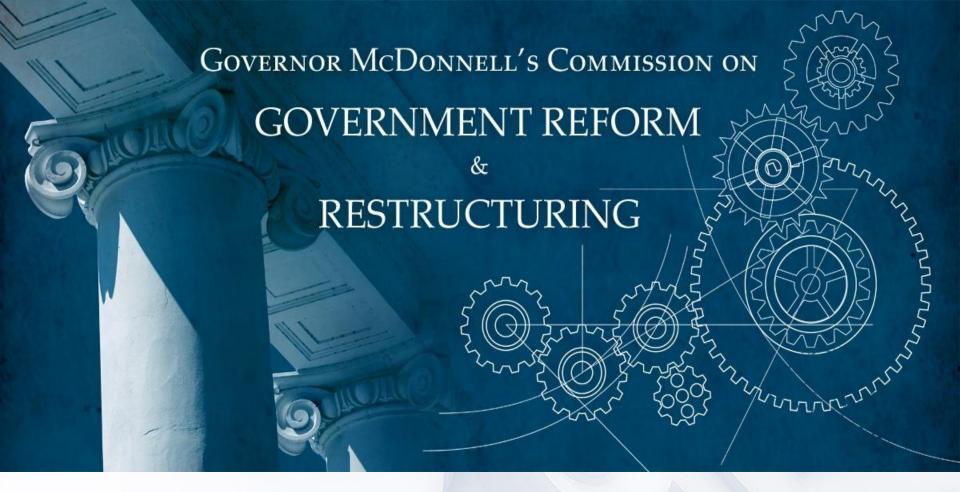
Callahan Act

- During the 1996 Session, the General Assembly approved legislation (HB 425, SB 155) to exempt the Department's regulatory boards' fee reductions from the APA public comment process. Fee increases, however, continue to be bound by the lengthy APA timeframe—although they are non-discretionary and mandated by Callahan Act provisions.

- Currently, the Code allows the Department's regulatory boards to reduce fees without observing the full public comment requirements of the APA. Under existing statute, however, the process to increase fees takes in excess of 18-24 months in order to comply with the full provisions of the APA.
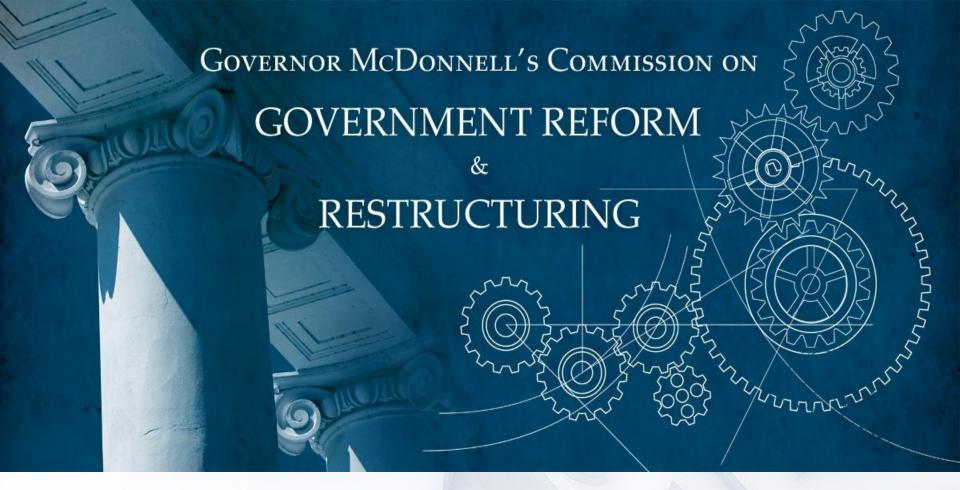
Callahan Act

- In good economic times, the Act is good policy and protects the regulant community.

- However, in difficult economic times, the restrictions placed upon the agency become much worse and regulants will see their fee increase over time.

- The APA process compounds the issue as delays in the process only serve to increase the need for fee increases.

- During this review, we've also come to recognize a number of regulated populations that perhaps do not need to be regulated.
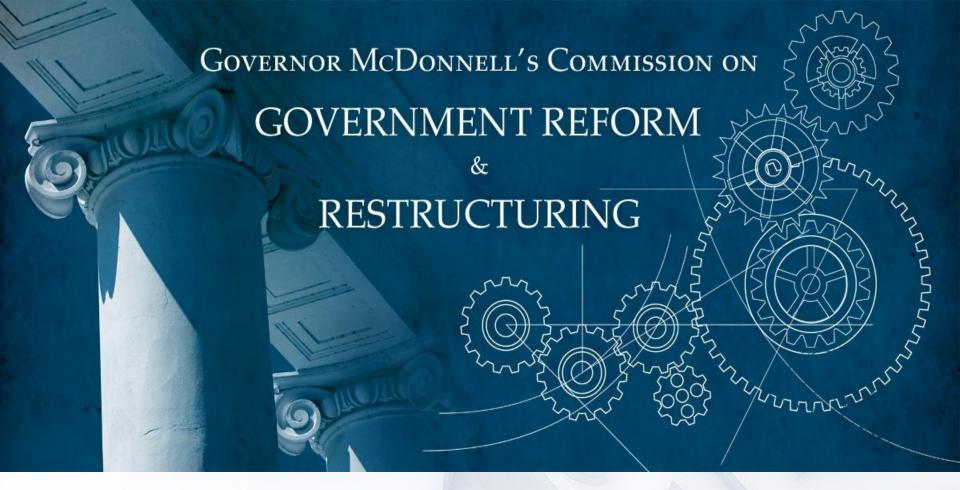
Boards and Commissions

- Every board is on the table for elimination.
- We are starting with a review of the ones that call in the C&T category. Systematically going through all.
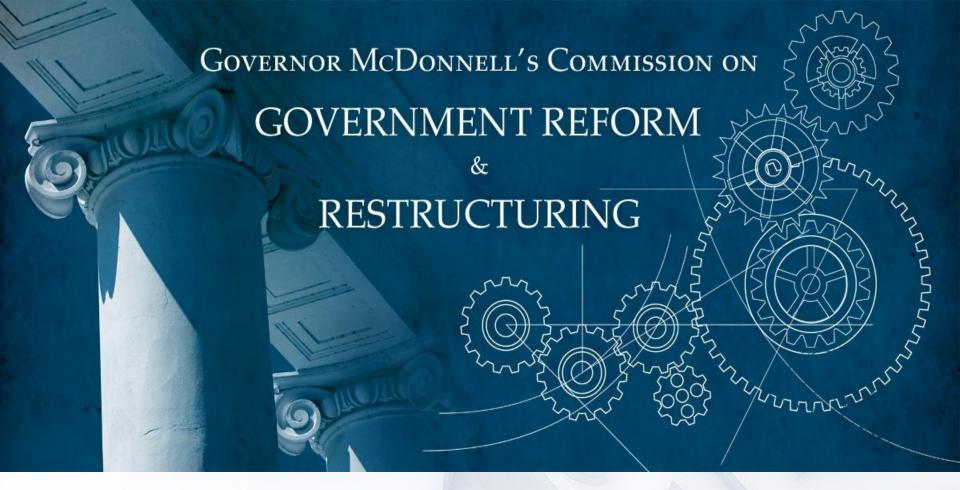- Submit comments/ideas.
- Final recommendation in November.

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Commission Discussion

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Public Comment

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Closing Remarks
Fred Malek, Chairman

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